

Attachment C



Insurance Proposal

March 08, 2019

Carl Nelson Insurance Agency, Inc
Attn: Denise Hanse
1519 N 11th Ave Hanford, CA 93230

Applicant: California Van Pool Authority
1340 North Dr
Hanford, CA 93230

Submission #: APP53331139
Policy Period: 03/08/2019 12:01 AM To 03/08/2020 12:01 AM
Coverage: Excess Liability

Issuing Company: Lexington Insurance Company

CALIFORNIA SHORT RATE CANCELLATION PENALTY DISCLOSURE

Please be advised that if you request cancellation of your policy prior to the expiration, the policy may be cancelled at a rate less than pro rata.

Please refer to your policy for specific terms and conditions.



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We are pleased to submit our proposal for the above captioned applicant.

Please read the attached quote carefully as coverage offered may be more limited than coverage requested.

Note :

Minimum earned premium may apply to this policy. See attached carrier quote for specifics. Please note that all fees are fully earned at inception.

TRIA coverage if applicable is offered on the attached carrier's quote.

Please review any minimum and deposit, audit, and/or cancellation provisions on the attached carrier quote for details regarding possible return premiums and additional premium charges.

I look forward to hearing from you, and please call if you have any questions.

Thank you for your business.

Regards,

Frank Busch
All Risks, LTD.
FBUSCH@allrisks.com
602-494-7200 Ext. 3946



Insurance Proposal

Cost Summary

Excess Liability Premium	\$66,509.00
CA Surplus Lines Tax	\$1,995.27
CA Stamp Fee	\$133.02
California Broker Fee	\$1,500.00

Total Policy Cost **\$70,137.29**

Minimum Earned

Note: There may be a minimum earned on this policy. Please refer to the carrier quote for more details on the minimum earned percentage.

Agent Commission: 10%

Compensation Disclosure

In the process of reviewing and attempting to place insurance for your client, we may perform any number of tasks that may or may not include: the review and assessment of your application, losses and risk profile, communicating with various insurance carriers or their representatives, risk analysis, policy or coverage comparison, inspections, reviewing coverage terms offered, policy issuance and servicing of the policy post binding. We may charge a fee for these services in addition to any commission that may be payable to us by the Insurance Carrier with whom we bind your client's business.

Any fees charged are fully earned at inception of the policy and will not be returned unless required by applicable law. Fees may be applicable to any transaction requiring additional premium including audits and endorsements as well as new and renewal policies. All fees will be itemized separate from premium in our Quotes. Insureds are under no obligation to purchase insurance proposed by us including a fee and insurance carriers are under no obligation to bind any insurance proposed in our Quotes. The fees we charge are not required by state law or the insurance carrier.

The insurer with whom your insurance is placed may have an agreement with All Risks, Ltd. to pay additional compensation. This compensation will be in addition to the fees and commissions earned on the business we are placing for your Client's insurance. The calculation of this additional compensation is determined based on a number of factors including, but not limited to: premium volume, loss experience, general profitability and renewal retention. The calculation contemplates the amount and performance of all insurance business placed with the insurance carrier by All Risks, Ltd. during the term of the agreement and is not calculated on a per policy basis but rather on a portfolio basis after a set period of time has expired.



Insurance Proposal

Remarks

All terms and conditions of the carrier's quote apply.

All fees are fully earned. 10% commission applies to all additional premium audits and endorsements.

Requirements to bind:

- Written bind order
- Fully signed and completed Acord app
- Attached surplus lines tax forms completed (attached)
- Signed Terrorism form (attached)
- All subjectivities noted on the carrier's quote

All Risks quote does not include Terrorism

QUOTE CONFIRMATION

Revision Date: 03/08/2019

Insured Name: CALVANS
1340 NORTH DR
HANFORD, CA 93230-5979

NEW: X

We are pleased to offer the following quotation received from:
LEXINGTON INSURANCE COMPANY, 99 High Street, Boston, Massachusetts 02110

Coverage:
FOLLOW FORM EXCESS LIABILITY (OCCURRENCE)

Policy Form Dec: LX8386 (04/08) FF XS LIABILITY DEC (OCC)
Text: LX8387 (04/08) FF XS LIABILITY TXT (OCC)

Proposed Effective Date: 03/15/2019 **Proposed Expiration Date:** 03/15/2020
At 12:01 A.M. standard time at the address of the Insured stated above.

Limits: Each Occurrence	\$5,000,000
General Aggregate	\$5,000,000
Products and Completed Operations Aggregate	\$5,000,000

Followed Policy:

Insurance Company: Tokio Marine Specialty Insurance Company
Policy Number: PUB659168
Policy Period: From: 12/26/2018 To: 12/26/2019
Limits: \$8,000,000

Total Occurrence Limits of Insurance of all Underlying Policies in excess of which this policy applies: \$10,000,000

Defense Expenses: IN EXCESS OF THE UNDERLYING LIMITS

Premium:	Total Advance Premium:	\$66,509
	Minimum Annual Premium:	\$66,509
	Minimum Earned Percent:	35%
	Terrorism Included in Total Advanced:	\$659

Premium figures do not include surplus lines taxes or fees (if applicable) or any other surcharges or taxes required by law (if any).

The premium is due within 30 days of inception if bound or 15 days from the date of billing whichever is later.

Exposure Basis:	Amount:	Rate:
UNITS	909	73.17

This quotation is valid until 03/15/2019 or the Effective Date, whichever comes first.

Applicable Forms & Exclusions:

LX8009	(12/06) SCHEDULE OF UNDERLYING INS.
LX4227	(08/13) ECONOMIC SANCTIONS ENDORSEMENT
LX4228	(08/13) DELETION OF SPEC OFAC LANGUAGE
LX4441	(07/16) EXCL-ACCESS OR DISCLOSURE
LX4268	(10/13) INDIANA AMENDATORY ENDORSEMENT
LX4450	(08/16) VIOLATION OF COMMUNICATION

Attachments:

115921	(05/18) BROKER RESPONSIBLE AGREEMENT
LX4275	(01/15) TRIA DISCLOSURE NOTICE

Terms and Conditions:

- Quotation is subject to reconsideration if there are any significant changes in operations, exposure or experience prior to binding.
- Quotation is invalid if any higher layer placed attracts an equal or higher premium per million than this policy.
- If bound, provide the name and surplus lines license number of the person/entity paying the surplus lines taxes and fees.
- 35% Minimum Earned Premium Rider

Subject To:

- Confirmation that underlying carriers have an A.M. BEST rating of A- (7) or better.
- Signed terrorism rejection form at time of binding if coverage not purchased.
- We require that you send us a completed and signed "Broker Responsible for Surplus Lines Filings Agreement". If this agreement is not received within 10 days, we reserve the right to cancel this quote or binder and any policy issued in connection with it.
- In accordance with subdivision (b) of Section 1774 of the California Insurance Code, you may be delegated responsibility for the surplus lines filings that are required pursuant to subdivision (a) of Section 1763 of the California Insurance Code by completing and executing the attached Broker Responsible for Surplus Lines Filing Agreement prior to binding. By execution of such agreement you agree that you also will be responsible to comply with applicable California surplus lines laws and, in particular, for the collection, reporting and payment of the surplus lines premium taxes fees and assessments required for this account. If coverage is bound and you agree to be responsible for the required surplus lines filings, the premium quoted above must be remitted to us within 30 days of the effective date of coverage or 15 days from billing, whichever is later.

Additional Comments and Information:

- Please note that this quote may not address all of the coverages/extensions requested in your submission. Coverage is quoted per the form and extensions/exclusions outlined in this quote.
- This quote is being provided on behalf of a non-admitted carrier.
- **NOTE: CANADIAN EXCISE TAX ACT**
This policy may cover exposures (Insureds and/or risks) in Canada. Insureds may be subject to excise tax related to such Canadian exposures and should seek appropriate advice on compliance with applicable Canadian law.

Please advise us immediately if you wish our assistance in obtaining a separate Canadian policy for the Insureds Canadian exposure, if applicable. If you elect to have a separate Canadian policy, you must designate a licensed Canadian broker. The companion Canadian policy will share limits with the issued U.S. Master policy.

- If coverage is purchased and bound, the Insurer shall not be deemed to provide cover, be liable to pay any claim or provide any benefit to the extent that the provision of such cover, payment of such claim or provision of such benefit provided for by this proposal, binder or issued policies would expose the Insurer, its parent company or its ultimate controlling entity to any sanction, prohibition or restriction under United Nations resolutions or the trade or economic sanctions, laws or regulations of the European Union or the United States of America.

Please notify us if the Insured Name and Address shown above are incorrect.

FOR PREMIUM AUDIT ENDORSEMENTS OR RETROSPECTIVE PREMIUM ENDORSEMENTS THAT OCCUR AFTER THE POLICY EXPIRATION DATE, SURPLUS LINES TAXES AND FEES MUST BE PAID AND FILED IN ACCORDANCE WITH THE REGULATORY REQUIREMENTS OF THE HOME STATE OF THE INSURED. IF THE SURPLUS LINES BROKER RESPONSIBLE FOR THE FILINGS IS NO LONGER LICENSED AT THIS TIME, THEN IT IS THE INSURED'S RESPONSIBILITY TO ENSURE THAT THE APPROPRIATE TAXES AND FEES ARE PAID TO THEIR HOME STATE.

Important: In order to complete the underwriting process, we require that you send us the additional information listed in the Subject To portion of this letter. We are not required to bind coverage prior to our receipt, review, and underwriting approval of this information. However, we may bind coverage before we have received, reviewed and approved such information. In such event that we do bind coverage prior to the receipt of this information, we have the right to cancel coverage if the required information is not received by us within 10 days of the date on which coverage takes effect. Additionally, if we have not received the other information requested within the specified time frame then we have the right to cancel the insurance upon 20 days notice.

**POLICYHOLDER DISCLOSURE
NOTICE OF TERRORISM INSURANCE COVERAGE
(APPLICABLE TO CERTIFIED AND NON-CERTIFIED ACTS)**

Line of Business: Umbrella

Named Insured: CALVANS

You are hereby notified that under the Terrorism Risk Insurance Act, as amended, that you have a right to purchase insurance coverage for losses resulting from acts of terrorism. *As defined in Section 102(1) of the Act:* The term "act of terrorism" means any act or acts that are certified by the Secretary of the Treasury - in consultation with the Secretary of Homeland Security, and the Attorney General of the United States - to be an act of terrorism; to be a violent act or an act that is dangerous to human life, property, or infrastructure; to have resulted in damage within the United States, or outside the United States in the case of certain air carriers or vessels or the premises of a United States mission; and to have been committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

YOU SHOULD KNOW THAT WHERE COVERAGE IS PROVIDED BY THIS POLICY FOR LOSSES RESULTING FROM CERTIFIED ACTS OF TERRORISM, SUCH LOSSES MAY BE PARTIALLY REIMBURSED BY THE UNITED STATES GOVERNMENT UNDER A FORMULA ESTABLISHED BY FEDERAL LAW. HOWEVER, YOUR POLICY MAY CONTAIN OTHER EXCLUSIONS WHICH MIGHT AFFECT YOUR COVERAGE, SUCH AS AN EXCLUSION FOR NUCLEAR EVENTS. UNDER THE FORMULA, THE UNITED STATES GOVERNMENT GENERALLY REIMBURSES 85% THROUGH 2015; 84% BEGINNING ON JANUARY 1, 2016; 83% BEGINNING ON JANUARY 1, 2017; 82% BEGINNING JANUARY 1, 2018; 81% BEGINNING JANUARY 1, 2019 AND 80% BEGINNING ON JANUARY 1, 2020 OF COVERED TERRORISM LOSSES EXCEEDING THE STATUTORILY ESTABLISHED DEDUCTIBLE PAID BY THE INSURANCE COMPANY PROVIDING THE COVERAGE. THE PREMIUM CHARGED FOR THIS COVERAGE IS PROVIDED BELOW AND DOES NOT INCLUDE ANY CHARGES FOR THE PORTION OF LOSS THAT MAY BE COVERED BY THE FEDERAL GOVERNMENT UNDER THE ACT.

YOU SHOULD ALSO KNOW THAT THE TERRORISM RISK INSURANCE ACT, AS AMENDED, CONTAINS A \$100 BILLION CAP THAT LIMITS U.S. GOVERNMENT REIMBURSEMENT AS WELL AS INSURERS' LIABILITY FOR LOSSES RESULTING FROM CERTIFIED ACTS OF TERRORISM WHEN THE AMOUNT OF SUCH LOSSES IN ANY ONE CALENDAR YEAR EXCEEDS \$100 BILLION. IF THE AGGREGATE INSURED LOSSES FOR ALL INSURERS EXCEED \$100 BILLION, YOUR COVERAGE MAY BE REDUCED.

Acceptance or Rejection of Terrorism Insurance Coverage

	I hereby elect to purchase terrorism coverage for a prospective premium of \$659.00. Premium for this coverage is included in your total premium.
	I hereby decline to purchase terrorism coverage for certified acts of terrorism. I understand that I will have no coverage for losses resulting from certified acts of terrorism. I further understand that the Insurer does not offer stand-alone terrorism coverage for non-certified acts of terrorism and that by declining to purchase coverage for certified acts of terrorism, I am also declining to purchase coverage for non-certified acts of terrorism. This will be reflected in the policy by a Terrorism Exclusion.

Policyholder/Applicant's Signature

Policyholder/Applicant's Printed Name

Date

ENDORSEMENT

This endorsement, effective 12:01 AM 03/15/2019

Forms a part of policy no.: TBD

Issued to: CALVANS

By: LEXINGTON INSURANCE COMPANY

ECONOMIC SANCTIONS ENDORSEMENT

This endorsement modifies insurance provided by the policy:

The Insurer shall not be deemed to provide cover and the Insurer shall not be liable to pay any claim or provide any benefit hereunder to the extent that the provision of such cover, payment of such claim or provision of such benefit would expose the Insurer, its parent company or its ultimate controlling entity to any sanction, prohibition or restriction under United Nations resolutions or the trade or economic sanctions, laws or regulations of the European Union or the United States of America.

Insurer shall also mean "we", "us", "our", or the "Company", whichever is applicable, in accordance with the terms of this Policy, whether or not such term is in quotation marks or bolded.

All other terms and conditions of the policy remain the same.



Authorized Representative

ENDORSEMENT

This endorsement, effective 12:01 AM 03/15/2019

Forms a part of policy no.: TBD

Issued to: CALVANS

By: LEXINGTON INSURANCE COMPANY

DELETION OF SPECIFIED OFAC LANGUAGE ENDORSEMENT

This endorsement modifies insurance provided by the policy:

If the language shown in Paragraph 1. or Paragraph 2. below appears in the policy, it is hereby deleted in its entirety:

1. Payment of loss under this policy shall only be made in full compliance with all United States of America economic or trade sanction laws or regulations, including, but not limited to, sanctions, laws and regulations administered and enforced by the U.S. Treasury Department's Office of Foreign Assets Control ("OFAC"); or
2. If coverage for a claim under this policy is in violation of any United States of America's economic or trade sanction, including, but not limited to, sanctions administered and enforced by the U.S. Treasury Department's Office of Foreign Assets Control ("OFAC") then coverage for that claim shall be null and void.

All other terms and conditions of the policy remain the same.



Authorized Representative

ENDORSEMENT

This endorsement, effective 12:01 AM 03/15/2019

Forms a part of policy no.: TBD

Issued to: CALVANS

By: LEXINGTON INSURANCE COMPANY

EXCLUSION - ACCESS OR DISCLOSURE OF CONFIDENTIAL OR PERSONAL INFORMATION ENDORSEMENT

This endorsement modifies insurance provided by the policy:

The following exclusion is added:

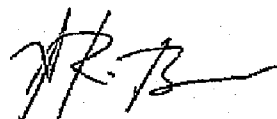
This insurance does not apply to:

"Personal and advertising injury" arising out of any access to or disclosure of any person's or organization's confidential or personal information, including patents, trade secrets, processing methods, customer lists, financial information, credit card information, health information or any other type of nonpublic information.

This exclusion applies even if damages are claimed for notification costs, credit monitoring expenses, forensic expenses, public relations expenses or any other loss, cost or expense incurred by you or others arising out of any access to or disclosure of any person's or organization's confidential or personal information.

If the policy to which this endorsement is attached uses boldface terms for defined terms, then the quotation marks above shall be treated as if such terms were contained within boldface terms.

All other terms and conditions of the policy remain the same.



Authorized Representative

ENDORSEMENT

This endorsement, effective 12:01 AM 03/15/2019

Forms a part of policy no.: TBD

Issued to: CALVANS

By: LEXINGTON INSURANCE COMPANY

INDIANA AMENDATORY ENDORSEMENT (Definition of Pollutants)

When a claim or **Suit** is brought against an **Insured** in the state of Indiana and/or Indiana law applies, this policy is amended as follows:

The definition of **Pollutants** in this policy or in any endorsement to this policy is deleted in its entirety and replaced with the following:

Pollutants means any solid, liquid, gaseous, bacterial, fungal, electromagnetic, thermal or other substance that can be toxic or hazardous, cause irritation to animals or persons and/or cause contamination to property and the environment including smoke, vapor, soot, fumes, acids, alkalis, chemicals, and waste. Specific examples identified as pollutants include, but are not limited to, diesel, kerosene, and other fuel oils, gasoline, butane, propane, natural gas, and other fuels, brake fluid, transmission fluid, and other hydraulic fluids, ethylene glycol, methyltertbutylether (MTBE), methanol, ethanol, isopropyl alcohol, and propylene glycol, and other fuel and antifreeze additives, grease, tar, petroleum distillates, and other petroleum products and petroleum hydrocarbons, carbon monoxide, and other exhaust gases, stoddard solvent, mineral spirits, and other solvents, chromium compounds, emulsions/emulsifiers, naphtha tetrachloroethylene (PCE), perchloroethylene (PERC), trichloroethylene (TCE), methylene chloroform, and other dry cleaning chemicals, methyl isobutyl ketone, methyl ethal ketone, n-butyl acetate, 2-butoxyethanol, hexylene glycol, peroxides, freon, polychlorinated biphenyl (PCB), CFC113, chlorofluorocarbons, chlorinated hydrocarbons, adhesives, pesticides, insecticides, barium, 1,2-Dichloroethylene, ethylene dichloride, dichloromethane, methylene chloride, ethylbenzene, lead, Mercury, Selenium, sulfate, xylene, silica, sewage, and industrial waste materials, and all substances, constituents, derivatives or degradative byproducts, or additives specifically listed, identified, or described by one or more of the following references:

- i. Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA) Priority List Hazardous Substances (1997 and all subsequent editions);
- ii. Agency for Toxic Substances And Disease Registry ToxFAQs™;
- iii. Clean Air Act's List of 188 Air Toxics And Diesel Particulate Matter;
- iv. U.S. Environmental Protection Agency EMCI Chemical References Complete Index;
- v. U.S. Environmental Protection Agency Persistent, Bioaccumulative, and Toxic Chemicals List;

- vi. Indiana Department of Environmental Management, Remediation Closure Guide, March 22, 2012 edition, Table A-6 Screening Level Summary Table - 2012; and
- vii. Indiana Department of Environmental Management, Risk Integrated System of Closure Technical Guide, Default Closure Tables, January 31, 2006 Appendix 1 (Revised May 1, 2009)

Substances identified as examples above or by the referenced lists also include materials or substances to be discarded, recycled, reconditioned or reclaimed.

This definition of **Pollutants** applies whether or not such solid, liquid, gaseous, bacterial, fungal, electromagnetic or thermal irritant or contaminant or substance is your product or products used by you or for you, and/or is an integral part of or incidental to your business, operations, premises, site or locations or has any function in your business, operations, premises, site or locations.

For the purpose of this endorsement, **Suit, Insured** and **Pollutants** shall have the applicable meaning, in accordance with the terms of this policy, whether or not such term is in quotation marks or bolded.

All other terms, definitions, conditions, and exclusions of this policy remain unchanged.



Authorized Representative

ENDORSEMENT

This endorsement, effective 12:01 AM 03/15/2019

Forms a part of policy no.: TBD

Issued to: CALVANS

By: LEXINGTON INSURANCE COMPANY

**VIOLATION OF COMMUNICATION OR INFORMATION LAW EXCLUSION
AMENDATORY ENDORSEMENT**

This endorsement modifies insurance provided by the policy:

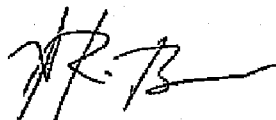
The following exclusion is added to the policy, and supersedes any similar exclusion included in the policy or by endorsement:

Violation Of Statutes In Connection With Sending, Transmitting Or Communicating Any Material Or Information

This insurance does not apply to any loss, injury, damage, claim, "suit", cost or expense arising out of or resulting from, caused directly or indirectly, in whole or in part by, any act that violates any statute, ordinance or regulation of any federal, state or local government, including any amendment of or addition to such laws, which addresses, prohibits or limits the printing, dissemination, disposal, collecting, recording, sending, transmitting, communicating or distribution of material or information, by any means whatsoever.

If the policy to which this endorsement is attached uses boldface terms for defined terms, then the quotation marks above shall be treated as if such terms were contained within boldface terms.

All other terms and conditions of the policy remain the same.



Authorized Representative

Administrative Offices:

FOLLOW FORM EXCESS LIABILITY POLICY
(OCCURRENCE VERSION)

NOTICE: LOSS AMOUNTS MAY INCLUDE DEFENSE EXPENSES, IF DEFENSE EXPENSES ARE INCLUDED WITHIN THE LIMITS OF INSURANCE OF THE FOLLOWED POLICY. IF DEFENSE EXPENSES ARE NOT INCLUDED WITHIN THE LIMITS OF INSURANCE IN THE FOLLOWED POLICY, THEN SUCH EXPENSES ARE IN ADDITION TO THE LIMITS OF INSURANCE OF THIS POLICY.

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered.

Throughout this policy the words **you** and **your** refer to the Named Insured shown in Item 1. of the Declarations, and any other person or organization qualifying as a Named Insured under the **Followed Policy**.

The words **we**, **us** and **our** refer to the Company providing this insurance. Other words and phrases that appear in boldface type have special meaning. Refer to the DEFINITIONS Section.

I. INSURING AGREEMENT

- A. We will pay those sums that the **Insured** becomes legally obligated to pay as **Loss Amounts** in excess of the **Underlying Limits** by reason of exhaustion of such limits and to which this insurance applies, subject to:
1. the terms and conditions of the **Followed Policy**, and
 2. the Limits of Insurance shown in the Declarations.
- B. Except with regard to: (1) the premium, (2) limits of insurance, (3) our defense obligations, (4) any endorsement changing the terms or conditions of this policy, and (5) other terms or conditions of this policy inconsistent with the **Followed Policy**, the provisions of the **Followed Policy** are incorporated as part of this policy.

II. DEFENSE OBLIGATIONS

A. WITHIN THE UNDERLYING LIMITS

We shall have the right, at our own expense, but not the obligation to associate with the **Insured** in the defense, negotiation, and settlement of any **Claim** that might result in our obligation to pay any amount of such **Claim** under this policy. The **Insured** shall defend and contest any such **Claim**. The **Insured** shall give us full cooperation and such information as we may reasonably require.

B. IN EXCESS OF THE UNDERLYING LIMITS

We shall have the right and duty to defend any **Claim** seeking damages to which this insurance applies upon the exhaustion of the **Underlying Limits**. We will have no duty to defend the **Insured** against any **Claim** seeking damages to which this insurance does not apply. When we assume the defense of any **Claim** against the **Insured** that seeks damages to which this insurance applies, we will, subject to the limits of insurance, pay **Defense Expenses** as defined in the **Followed Policy**. The **Insured** shall give us full cooperation and such information as we may reasonably require.

III. LIMITS OF INSURANCE

- A. The Limits of Insurance shown in Item 3. of the Declarations and the rules below state the most we will pay for all **Loss Amounts** under this policy regardless of the number of:
1. **Insureds**;
 2. **Claims** made or suits brought; or

3. Persons or organizations making **Claims** or bringing suits.
- B. The General Aggregate Limit is the most we will pay for all **Loss Amounts** under this policy, except for:
1. **Loss Amounts** included within the products-completed operations hazard; and
 2. **Loss Amounts** because of **Bodily Injury** or **Property Damage** arising out of automobile liability for which there is no Aggregate Limit of Insurance.
- C. The Products-Completed Operations Aggregate Limit is the most we will pay for all **Loss Amounts** included in the products-completed operations hazard.
- D. Subject to Paragraph **B.** or **C.** above, whichever applies, the Each Occurrence Limit is the most we will pay for the sum of all **Loss Amounts** arising out of any one **occurrence** or offense.
- E. **Loss Amounts** may include **Defense Expenses**, if **Defense Expenses** are included within the limits of insurance of the **Followed Policy**. If **Defense Expenses** are not included in the **Followed Policy**, then such expenses are in addition to the limits of insurance of this policy.

IV. EXCLUSIONS

This insurance does not apply to:

A. Pollution

1. Any **Claim** arising out of the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of **Pollutants** anywhere at any time;
2. Any loss, cost or expense arising out of any request, demand, order or statutory or regulatory requirement that the **Insured** or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of **Pollutants**; or
3. Any loss, cost or expense arising out of any **Claim** by or on behalf of a governmental authority for damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing or in any way responding to, or assessing the effects of **Pollutants**.

With respect to Paragraph **1.** above, we will apply any exception to such exclusion provided by the **Followed Policy**.

B. Radioactive Material

Any liability arising out of any radioactive matter, whether or not naturally occurring.

C. Asbestos

Any liability arising out of asbestos or asbestos-containing materials.

V. DEFINITIONS - Any term not defined in this Section V. or in the preamble to this policy shall have the meaning assigned to such term in the **Followed Policy**.

- A. **Bodily Injury**, if not defined in the **Followed Policy**, means bodily injury, sickness or disease sustained by a person, including death resulting from any of these at any time.
- B. **Claim**, if not defined in the **Followed Policy**, means a written demand for monetary damages, including service of suit or institution of arbitration proceedings against the **Insured**. If defined in the **Followed Policy**, **Claim** has the same meaning as stated in the **Followed Policy**.
- C. **Defense Expenses** means **Defense Expenses** or Defense Costs as defined in the **Followed Policy**. However, if **Defense Expenses** or Defense Costs are not defined in the **Followed Policy** then **Defense Expenses** means the cost incurred in connection with the investigation and/or defense of any **Claim** including, but not limited to, legal fees and other defense expenses. Defense Expenses also include any expenses in the **Followed Policy** which are referred to as Supplementary Payments, Additional Payments, or referred to by a similar term.

- D. **Followed Policy** means the policy shown in Item 6. of the Declarations.
- E. **Insured** shall have the same meaning in this policy as is attributed to it in the **Followed Policy**.
- F. **Loss Amounts** means damages and **Defense Expenses**, if **Defense Expenses** are included within the limit of insurance of the **Followed Policy**. Otherwise, **Loss Amounts** means damages only.
- G. **Pollutants**, if not defined in the **Followed Policy**, means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.
- H. **Property Damage**, if not defined in the **Followed Policy**, means:
 1. Physical injury to tangible property, including all resulting loss of use of that property; or
 2. Loss of use of tangible property that is not physically injured.

For the purposes of this insurance, electronic data is not tangible property.

As used in this definition, electronic data means information, facts or programs stored as or on, created or used on, or transmitted to or from computer software, including systems and applications software, hard or floppy disks, CD-ROMS, tapes, drives, cells, data processing devices or any other media which are used with electronically controlled equipment.

- I. **Underlying Limits** means the sum of:
 1. The Aggregate Limits of Insurance of all **Underlying Policies**,
 2. All retentions or self-insured retentions applicable to such **Underlying Policies**, and
 3. Other insurance (including any self-insurance retentions) applicable to any **Claim** that is covered by this policy.
- J. **Underlying Policies** means any underlying policies, including the **Followed Policy**.

VI. CONDITIONS

A. MAINTENANCE OF UNDERLYING INSURANCE

It is a condition of this policy that the **Underlying Policies** shall be maintained in full force and effect. Failure to comply with the foregoing shall not invalidate this policy, but in the event of such failure, we shall be liable only to the extent that we would have been liable had you complied with this condition.

B. UNIMPAIRED UNDERLYING LIMITS OF INSURANCE

You warrant that **Underlying Limits** of the **Underlying Policies** shall be unimpaired as of the inception date of this policy. In event such **Underlying Limits** are impaired as of the inception date of this policy, this policy shall apply as if such **Underlying Limits** were unimpaired. In the event of non-concurrent policy periods between this policy and **Underlying Policies**, only occurrences or **Claims** that would be covered during the policy period of this policy shall be considered in determining the extent of any reduction or exhaustion of the **Underlying Limits**, and you shall retain liability for any resulting gap in coverage.

C. CANCELLATION

1. The First Named Insured shown in the Declarations may cancel this policy by mailing or delivering to us advance written notice of cancellation.
2. We may cancel this policy by mailing or delivering to the First Named Insured written notice of cancellation at least:
 - i 10 days before the effective date of cancellation if we cancel for nonpayment of premium; or

ii 30 days before the effective date of cancellation if we cancel for any other reason.

3. We will mail or deliver our notice to the First Named Insured's last mailing address known to us.
4. Notice of cancellation will state the effective date of cancellation. The policy period will end on that date.
5. If this policy is canceled, we will send the First Named Insured any premium refund due. If we cancel, the refund will be pro rata. Subject to the Minimum Earned Premium at Inception shown in Item 4. of the Declarations, if the First Named Insured cancels, earned premium will be calculated short-rate. The cancellation will be effective even if we have not made or offered a refund.
6. If notice is mailed, proof of mailing will be sufficient proof of notice.

D. SERVICE OF SUIT

It is agreed that in the event of our failure to pay any amount claimed to be due hereunder, we, at the request of the **Insured**, will submit jurisdiction of a court of competent jurisdiction within the United States. Nothing in this condition constitutes or should be understood to constitute a waiver of our rights to commence an action in any court of competent jurisdiction in the United States, to remove an action to a United States District Court or to seek a transfer of a case to another court as permitted by the laws of the United States or of any state in the United States. It is further agreed that service of process may be made upon Counsel, Legal Department, , , or his or her representative, and that in any suit instituted against us, upon this policy, we will abide by the final decision of such court or of an appellate court in the event of an appeal.

Further, pursuant to any statute of any state, territory, or district of the United States which makes provision therefor, we hereby designate the Superintendent, Commissioner, Director of Insurance, or other officer specified for that purpose in the statute, or his or her successor or successors in office as our true and lawful attorney upon whom may be served any lawful process in any action, suit or proceeding instituted by or on behalf of the **Insured** or any beneficiary hereunder arising out of this contract of insurance, and hereby designate the Counsel, Legal Department, Lexington Insurance Company, , as the person to whom the said officer is authorized to mail such process or a true copy thereof.

IN WITNESS WHEREOF, the Insurance Company identified on the Declarations has caused this policy to be signed by its President, Secretary and a duly authorized representative of the Insurance Company.

CALIFORNIA SL-2 AFFIDAVIT - INSTRUCTIONS FOR COMPLETION

****ALL SHADED FIELDS MUST BE COMPLETED****

SECTION 1

PROVIDE THE NAME & LICENSE NUMBER OF THE LICENSED INDIVIDUAL WHO PERFORMED OR SUPERVISED THE DILIGENT SEARCH. IF USING AN AGENCY LICENSE, PROVIDE AN INDIVIDUAL'S NAME ALONG WITH THE NAME AND LICENSE NUMBER OF THE AGENCY (ENTITY).

SECTION 2

ALMOST ALL OF THE INFORMATION IN SECTION 2 IS AUTO-FILLED BASED ON THE RISK INFORMATION IN CONCEPT1 & CAISAR. THE ONLY FIELD NEEDING COMPLETION IS (C) DESCRIPTION OF RISK

SECTION 3 - LEAVE BLANK

SECTION 4 - LEAVE BLANK

SECTION 5 - LEAVE BLANK

SECTION 6

A brief statement or sentence saying the diligent effort was made.

DILIGENT SEARCH REPORT

(Please Refer to the Instructions on Page 3 of This Form)

1. I, [Redacted], hereby submits that he/she is:

(Full Name of the individual)

(A) Duty licensed under California Department of Insurance license number [Redacted]

OR (B) Duty licensed and authorized to act as an endorsee on the organizational license of [Redacted]

(Name of Organization)

California Department of Insurance license number [Redacted]

and (C) that he/she or said organizational licensee was engaged by the insured named herein, or the insured's broker, to obtain insurance as described in this report;

and (D) is the licensee who performed or supervised this diligent search.

2. (A.) Name of Insured _____

(B.) Address of Insured _____

(Street and Number)

(City)

(State)

(Zip Code)

(C.) Description of Risk _____

(E.g. Unlicensed, liquor store, ... NOT TYPE OF COVERAGE)

(D.) Location of Risk _____

(Street and Number)

(City)

(State)

(Zip Code)

(E.) Type of Insurance coverage _____

(Enter Appropriate Code Number from Pg. 3)

SECTION 3 - LEAVE BLANK

3. If Private Passenger Automobile Liability Insurance is identified on line 2(E), complete the following:

(A) Does the insured qualify as a "Good Driver" under Section 1861.023 of the California Insurance Code? (CHECK ONE) YES NO

(B) Does the coverage that you have placed include, in whole or in part, the limits of coverage provided under the California Automobile Assigned Risk Plan (CAARP)? (CHECK ONE) YES NO

(C) If YES, has this risk been submitted to and found to be ineligible by CAARP? (CHECK ONE) YES NO

If your answer is NO, then this coverage cannot be placed with a non-admitted insurer. (See Insurance Code section 1763.5)

SECTION 4 - LEAVE BLANK

4. If Health Insurance is identified on line 2(E), does the insured qualify as a "Small Employer" under Section 10700(x) of the California Insurance Code? (CHECK ONE)

SECTION 5 - LEAVE BLANK

5. If this insurance was placed pursuant to Section 125 of the California Insurance Code governing transactions with risk purchasing groups authorized by the Federal Liability Risk Retention Act of 1986, complete the following:

(A) Provide the name and address of the purchasing group of which the insured is a member _____

SECTION 6

A brief statement or sentence saying the diligent effort was made.

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CALIFORNIA SL-2 AFFIDAVIT - INSTRUCTIONS FOR COMPLETION

****ALL SHADED FIELDS MUST BE COMPLETED****

SECTION 7

QUESTION 7 (A) ASKS IF THE RISK WAS SUBMITTED TO 3 ADMITTED INSURERS. IF YES, CHECK (✓) THE "YES" BOX AND PROCEED TO PROVIDE THE ADMITTED INSURER INFORMATION BELOW. IF NO, CHECK (✓) THE "NO" BOX AND SKIP DOWN TO COMPLETE SECTION 8

THE FOLLOWING MUST BE PROVIDED FOR EACH INSURER DECLINING THE RISK:

- FULL NAME OF THE ADMITTED COMPANY
- FIRST AND LAST NAME OF PERSON DECLINING THE RISK AND A TELEPHONE NUMBER OR WEBSITE
- CHECK E (✓) FOR EMPLOYEE OR A (✓) FOR AGENT
- MONTH & YEAR OF DECLINATION
- DECLINATION CODE (EITHER #1, #2, #3 OR #4)

(B) If search was performed by someone other than the person named on line 1, please provide full name of that individual:

7. (A) Was the risk described in Section 2 submitted by you or by someone under your supervision to at least (3) insurers that are admitted in California and who actually write the type of insurance described on lines 2(C) and 2(E)? (CHECK ONE) YES NO

(B) If YES, please complete ALL sections of the following table; if NO, skip to Section 8:

Full Name of Admitted Company	First & Last Name of Company Representative AND Telephone Number	Check if Employee (E) or Agent (A)	Month, Year of Declination	Declination Code*
1. [Redacted]	[Redacted] or "Online Declaration" Website	E () A ()	[Redacted] / [Redacted]	[Redacted]
2. [Redacted]	[Redacted] or "Online Declaration" Website	E () A ()	[Redacted] / [Redacted]	[Redacted]
3. [Redacted]	[Redacted] or "Online Declaration" Website	E () A ()	[Redacted] / [Redacted]	[Redacted]

*Declination Codes: 1 - Company's capacity reached 2-undersubscribing reason 3-refused to state 4-other

SECTION 8

IF DECLINING CARRIER INFORMATION WAS PROVIDED IN SECTION 7, THE QUESTIONS IN SECTION 8 CAN BE SKIPPED, AND ONLY A SIGNATURE AND DATE ARE NEEDED TO COMPLETE THE FORM.

THIS SECTION MUST BE COMPLETED ONLY IF QUESTION 7(A) IS NO. ANSWER QUESTION 8(A), THEN ANSWER EITHER 8(B) OR 8(C).

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THIS SECTION MUST BE SIGNED AND DATED. THIS DATE MUST PRECEDE THE POLICY EFFECTIVE DATE.

8. If 7(A) was answered NO, complete the following:

(A) Did you determine that fewer than 3 admitted insurers actually write the type of insurance described on lines 2(C) and 2(E)? (CHECK ONE) YES NO

(B) If NO, please explain in detail why the risk was submitted to less than three admitted insurers in California that write this type of insurance.

(C) If YES, please describe how you made this determination.

The undersigned licensee hereby certifies that this report is true and correct, and that this risk is not being placed with a non-admitted insurer for the sole purpose of securing a rate or premium lower than the lowest rate or premium available from an admitted insurer.

(Signature of Licensee Named on Line 1)

SL-2 (Revised 06/2004)

(Date)

These instructions are designed to accompany the SL-2 Affidavit. These instructions are not intended to provide, and should not be understood to provide, legal advice. They are not designed to fully explain, or to be relied upon in interpreting, the law.

NOTICE:

1. THE INSURANCE POLICY THAT YOU ARE APPLYING TO PURCHASE IS BEING ISSUED BY AN INSURER THAT IS NOT LICENSED BY THE STATE OF CALIFORNIA. THESE COMPANIES ARE CALLED "NONADMITTED" OR "SURPLUS LINE" INSURERS.

2. THE INSURER IS NOT SUBJECT TO THE FINANCIAL SOLVENCY REGULATION AND ENFORCEMENT THAT APPLY TO CALIFORNIA LICENSED INSURERS.

3. THE INSURER DOES NOT PARTICIPATE IN ANY OF THE INSURANCE GUARANTEE FUNDS CREATED BY CALIFORNIA LAW. THEREFORE, THESE FUNDS WILL NOT PAY YOUR CLAIMS OR PROTECT YOUR ASSETS IF THE INSURER BECOMES INSOLVENT AND IS UNABLE TO MAKE PAYMENTS AS PROMISED.

4. THE INSURER SHOULD BE LICENSED EITHER AS A FOREIGN INSURER IN ANOTHER STATE IN THE UNITED STATES OR AS A NON-UNITED STATES (ALIEN) INSURER. YOU SHOULD ASK QUESTIONS OF YOUR INSURANCE AGENT, BROKER, OR "SURPLUS LINE" BROKER OR CONTACT THE CALIFORNIA DEPARTMENT OF INSURANCE AT THE FOLLOWING TOLL-FREE TELEPHONE NUMBER: 1-800-927-4357 OR INTERNET WEB SITE WWW.INSURANCE.CA.GOV. ASK WHETHER OR NOT THE INSURER IS LICENSED AS A FOREIGN OR NON-UNITED STATES (ALIEN) INSURER AND FOR ADDITIONAL INFORMATION ABOUT THE INSURER. YOU MAY ALSO CONTACT THE NAIC'S INTERNET WEB SITE AT WWW.NAIC.ORG.

5. FOREIGN INSURERS SHOULD BE LICENSED BY A STATE IN THE UNITED STATES AND YOU MAY CONTACT THAT STATE'S DEPARTMENT OF INSURANCE TO OBTAIN MORE INFORMATION ABOUT THAT INSURER.

6. FOR NON-UNITED STATES (ALIEN) INSURERS, THE INSURER SHOULD BE LICENSED BY A COUNTRY OUTSIDE OF THE UNITED STATES AND SHOULD BE ON THE NAIC'S INTERNATIONAL INSURERS DEPARTMENT (IID) LISTING OF

APPROVED NONADMITTED NON-UNITED STATES INSURERS. ASK YOUR AGENT, BROKER, OR "SURPLUS LINE" BROKER TO OBTAIN MORE INFORMATION ABOUT THAT INSURER.

7. CALIFORNIA MAINTAINS A LIST OF APPROVED SURPLUS LINE INSURERS. ASK YOUR AGENT OR BROKER IF THE INSURER IS ON THAT LIST, OR VIEW THAT LIST AT THE INTERNET WEB SITE OF THE CALIFORNIA DEPARTMENT OF INSURANCE: WWW.INSURANCE.CA.GOV.

8. IF YOU, AS THE APPLICANT, REQUIRED THAT THE INSURANCE POLICY YOU HAVE PURCHASED BE BOUND IMMEDIATELY, EITHER BECAUSE EXISTING COVERAGE WAS GOING TO LAPSE WITHIN TWO BUSINESS DAYS OR BECAUSE YOU WERE REQUIRED TO HAVE COVERAGE WITHIN TWO BUSINESS DAYS, AND YOU DID NOT RECEIVE THIS DISCLOSURE FORM AND A REQUEST FOR YOUR SIGNATURE UNTIL AFTER COVERAGE BECAME EFFECTIVE, YOU HAVE THE RIGHT TO CANCEL THIS POLICY WITHIN FIVE DAYS OF RECEIVING THIS DISCLOSURE. IF YOU CANCEL COVERAGE, THE PREMIUM WILL BE PRORATED AND ANY BROKER'S FEE CHARGED FOR THIS INSURANCE WILL BE RETURNED TO YOU.

Date: _____

Insured: _____

DILIGENT SEARCH REPORT

(Please Refer to the Instructions on Page 3 of This Form)

1. _____ hereby submits that he/she is:

(Full Name of the Individual)

(A) Duly licensed under California Department of Insurance license number _____;

OR (B) Duly licensed and authorized to act as an endorsee on the organizational license of

_____, California Department of Insurance license number _____;

(Name of Organization)

and (C) that he/she or said organizational licensee was engaged by the insured named herein, or the insured's broker, to obtain insurance as described in this report;

and (D) is the licensee who performed or supervised this diligent search.

2. (A) **Name of Insured** California Van Pool Authority

(B) **Address of Insured** 1340 North Dr

(Street and Number)

Hanford, CA 93230

(City)

(State)

(Zip Code)

(C) **Description of Risk** _____

(e.g. Laundromat, liquor store, ... NOT TYPE OF COVERAGE)

(D) **Location of Risk** 1340 North Dr

(Street and Number)

Hanford, CA, 93230

(City)

(State)

(Zip Code)

(E) **Type of Insurance coverage** Excess Liability

(Enter Appropriate Code Number from Pg. 3)

3. If **Private Passenger Automobile Liability Insurance** is identified on line 2(E), complete the following:

(A) Does the insured qualify as a "Good Driver" under Section 1861.025 of the California Insurance Code? (CHECK ONE) YES NO

(B) Does the coverage that you have placed include, in whole or in part, the limits of coverage provided under the California Automobile Assigned Risk Plan (CAARP)? (CHECK ONE) YES NO

(C) If YES, has this risk been submitted to and found to be ineligible by CAARP? (CHECK ONE) YES NO

If your answer is NO, then this coverage cannot be placed with a non-admitted insurer. (See Insurance Code section 1763.5)

4. If **Health Insurance** is identified on line 2(E), does the insured qualify as a "Small Employer" under Section 10700(x) of the California Insurance Code? (CHECK ONE) YES NO

5. If this insurance was placed pursuant to Section 125 et seq. of the California Insurance Code governing transactions with **risk purchasing groups** authorized by the Federal Liability Risk Retention Act of 1986, complete the following:

(A) Provide the name and address of the purchasing group of which the insured is a member _____

6. (A) **Describe** the diligent efforts made to place this coverage with admitted insurers and describe how the search was performed (please add additional pages if necessary):

(B) If search was performed by someone other than the person named on line 1, please provide full name of that individual:

7. (A) Was the risk described in Section 2 submitted by you or by someone under your supervision to at least (3) insurers that are admitted in California and who actually write the type of insurance described on lines 2(C) and 2(E)? (CHECK ONE) YES NO

(B) If YES, please complete **ALL** sections of the following table; if NO, skip to Section 8:

Full Name of Admitted Company	First & Last Name of Company Representative AND Telephone Number	Check if Employee (E) or Agent (A)	Month, Year of Declination	Declination Code*
1.	_____ () - or "Online Declination" Website	E () A ()	/	
2.	_____ () - or "Online Declination" Website	E () A ()	/	
3.	_____ () - or "Online Declination" Website	E () A ()	/	

*Declination Codes: 1 - Company's capacity reached 2-underwriting reason 3-refused to state 4-other

8. If 7(A) was answered NO, complete the following:

(A) Did you determine that fewer than 3 admitted insurers actually write the type of insurance described on lines 2(C) and 2(E)? (CHECK ONE) YES NO

(B) If NO, please explain in detail why the risk was submitted to less than three admitted insurers in California that write this type of insurance.

(C) If YES, please describe how you made this determination. _____

The undersigned licensee hereby certifies that this report is true and correct, and that this risk is not being placed with a non-admitted insurer for the sole purpose of securing a rate or premium lower than the lowest rate or premium available from an admitted insurer.

(Signature of Licensee Named on Line 1)

(Date)